

Stone laid for Nam Theun 2

Monday 28 November 2005

Controversial dam will power Thailand

AFP and BANGKOKPOST

The foundation stone was laid yesterday for the controversial Nam Theun 2 hy-dropower dam in Laos, which will supply power to 17 provinces in Thailand from 2009.

One of four dams to be built on the Theun river, part of the Mekong watershed, it has survived years of tenacious opposition, a long delay in obtaining finance, and hesitation on the part of the main engineering firm.

Prime Minister Thaksin Shinawatra was present at the ceremony, joining Lao Prime Minister Bounnhang Vorachit at the site, 250km southeast of Vientiane.

The dam will supply Thailand with low-cost electricity at 1.59 baht per unit (kilowatt hour) compared to 1.90 baht per unit from oil.

Mr Bounnhang said the \$1.25 billion project was concrete proof of his government's willingness to use its resources to help neighbours meet their energy needs. "We aim to supply sufficient electricity to meet domestic consumption as well as to export to neighbouring countries," he said.

The project will bring mixed blessings to Laos, with the displacement of 6,200 people but potential earnings of up to \$150 million a year for a country totally dependent on international aid.

Since 1993 the project has swallowed up millions of dollars in studies and research. Its promoters made a global tour earlier this year to counter pressure from the dam's critics. They failed to win over more than 150 NGOs in about 40 countries which maintain that the dam is of no use to local people and will permanently scar the environment.

The World Bank gave its backing in March, paving the way for private foreign banks and other financing organisations.

After 12 years of work, the Nam Theun 2 Power Company Ltd (NTPC), the joint venture that manages the project, is ready to take off. "I don't think we can call it a miracle but we are proud that 12 years of methodical development work is finally bearing fruit," said Ludovic Delplanque, the project spokesman.

Electricite de France International, the main engineering company and main promoter with a 35% stake, hopes to finish the work in about four-and-a-half years.

Its partners are Electricite du Laos and the Electricity Generating Authority of Thailand, which each have a 25% stake, and the Italian-Thai Development Public Co, which holds 15%.

For Vientiane, it signifies the new image the regime is seeking to promote, of a government that is gradually emerging from isolation and tackling modern and complex tasks.

Laos has had to speed up reforms, especially in its budget-making, in order to show transparency in handling the finances for the project.

French ambassador Maurice Portiche lauded the regime's efforts while noting that its conduct of the project would be watched closely. "Laos is aware of the enormous responsibility that has been thrust on it," he said.

A similar warning came from Aviva Imhof, campaign director of the US-based environmental

protection organisation, International Rivers Network.

“The project will require massive vigilance to ensure that construction is carried out in the most environmentally sensitive manner and that all of the thousands of affected people really do get proper compensation,” she said.

“There's real concern that people are getting small plots of quite infertile land” in compensation, she said.